



# MULTIFAMILY TRANSFORMATION QUESTIONS AND ANSWERS

Answers reflect management’s proposed changes, which may be amended following required union bargaining

*Updated on May 28, 2013*

**Important note:** On April 24, 2013, HUD announced two different projects: The Multifamily Transformation and the Small Office Project. These FAQs focus primarily on the Multifamily Transformation. For more information about the Small Office Project, under which 16 of HUD’s small offices are closing, please visit this [link on HUD.GOV](#).

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## A. WHAT IS THE MULTIFAMILY TRANSFORMATION?

### A1: What changes are happening in Multifamily?

After carefully evaluating its operating model, Multifamily will be proactively making changes to better fulfill its mission, all while doing more with less. The transformation will help Multifamily better serve its customers and stakeholders, operate more efficiently, and improve its risk management. The changes are necessary to meet our greater productivity demands, respond to rapidly fluctuating market and provide for future flexibility.

The transformation consists of four initiatives: workload sharing, risk-based processing and underwriters in Production, creating specialist support in Asset Management, and streamlining its organizational model in headquarters and the field. *See the following questions for more detail on each of these proposed changes.*

These changes will build on the improvements introduced by the highly successful *Breaking Ground* and *Sustaining our Investments* initiatives over the last several years. These two efforts helped Multifamily respond to the financial crisis by reducing backlogs and improving application speed, while classifying assets according to risk. This provided liquidity and stability during and after the crisis.

### A2: What is workload sharing?

Workload sharing allows offices, teams, and even managers to distribute workload across the country in both Production and Asset Management. If an office, team, or individual experiences a spike in volume, other offices, teams, or individuals with extra capacity can pick up the work. This will mitigate pressure on staff and reduce wait time and backlogs for customers. Workload sharing is already being piloted in several hubs, and has received positive feedback from both staff and customers.

### A3: What does it mean to introduce risk-based processing and underwriters in Production?

“Risk-based processing” simply means processing incoming applications based on risk and complexity. This process complements tools introduced in the *Breaking Ground* initiative like the Early Warning System, which allowed Production staff to rapidly identify applications that required further review by the submitter before being processed. This approach is also consistent with the risk-based approach introduced to Asset Management by *Sustaining our Investments*.

Based on its risk and complexity, the applications will then be assigned to the appropriate underwriter. More experienced underwriters will process riskier, more complex applications. These underwriters will oversee an end-to-end review of each application, continuing to draw in technical experts such as construction analysts and appraisers as needed. In addition to clarifying roles, we will also be identifying opportunities to streamline the underwriting process to ensure that simple applications are not being over-processed.

We believe that this approach to Production will improve risk management by focusing expert attention on the most challenging applications, improve customer service by providing a clearer point of contact and more streamlined processing, and improve the overall efficiency of Multifamily’s Production operations. This model has already proven successful in the Rental Assistance Demonstration and Low Income Housing Tax Credit pilot. Many field offices are already experimenting with variants of this model, and we hope to formalize it and make it more consistent.

### A4: What does it mean to create more specialist support or implement an “Account Executive model” in Asset Management?

We plan to define a dedicated role for senior asset managers who will focus on Multifamily’s most risky, complex, or troubled assets. These “Troubled Asset Specialists” will build expertise in creating effective

action plans, working with owners and managers to resolve the issue, and – when required – managing the transition to workout. Other asset managers, to be called “Account Executives,” will focus on the non-troubled portfolio.

This increased focus will allow Multifamily experts to better manage risk while creating more manageably scoped roles for staff. Many field offices already informally assign work according to some variation of this model and so we hope to formalize this approach, make it more consistent, and more broadly adopt best practices. We will also continue to look for opportunities to streamline asset management processes, allowing Multifamily to improve its operational effectiveness.

#### **A5: What does streamlining the organizational model mean for headquarters?**

In headquarters, Multifamily will streamline and focus its structure, with four main offices: Production, Asset Management, Recapitalization, and Field Operations. These changes will reduce duplication and provide better support and service to both the field and our external customers and stakeholders.

More specifically, Multifamily plans to merge the Office of Housing Assistance and Grants Administration (HAGA) and the Office of Housing Assistance Contract Administration Oversight (HACAO) into the Office of Asset Management – which will be titled “Office of Asset Management and Portfolio Oversight.” The Office of Development will be renamed the Office of Multifamily Production, and the Office of Affordable Housing Preservation will become the Office of Recapitalization, reflecting its focus on recapitalizing assisted housing. A new Office of Field Operations will provide dedicated support to the field. We will also be making changes within the headquarters front office to streamline the way we develop policy and the way we provide administrative and technological support. Across all of these offices, Multifamily will make improvements to its operational efficiencies.

#### **A6: What does streamlining the organizational model mean for the field?**

Multifamily plans to consolidate its 17 current hubs into 5 future regions. Each region will have two field offices – one hub and one satellite – for a total of 10 future offices. This simplified structure will increase national consistency across Multifamily. We also expect that the more streamlined field management structure will streamline decision-making and enhance accountability.

Multifamily’s future locations have been carefully selected based on business needs. The future locations, by region, as proposed will be:

- New York (hub) and Boston;
- Atlanta (hub) and Jacksonville;
- Chicago (hub) and Detroit;
- Fort Worth (hub) and Kansas City;
- San Francisco (hub) and Denver.

The Seattle office will focus on healthcare.

All Multifamily employees, including those in impacted field offices, will have the opportunity to remain with Multifamily. Staff in offices outside of the 10 future hubs and satellites will have the option to take a directed reassignment, or choose to accept a buyout and early retirement if eligible.

#### **A7: How did you decide where to locate the ten Multifamily hubs? Why is my location not on the “keep” list?**

We made this decision based on business need. These tough choices reflect our determination to work smarter and better position our program for the future. Criteria considered included the need to better balance our workload across offices and regions, alignment with the federal regions to improve how we work with Field Policy and Management (FPM) and other areas of HUD, current and projected workload,

potential talent pools (i.e., optimizing for financial centers), and the number of current employees. These locations best position Multifamily for future flexibility and growth.

**A8: What will the new leadership structure look like after the reorganization?**

We expect a similar concept to today, albeit more streamlined. Hub leaders will oversee each of the five future regions, along with regional leaders of both Production and Asset Management. We will also need supervisors in each of the offices to lead teams. Additional details will be shared upon the completion of union negotiations.

**A9: How many total Multifamily staff will be affected by the Multifamily realignment?**

There are ~785 employees in field offices that will be directly affected (asked to relocate or accept a buyout). Head Quarters staff will also be offered buyouts, and some staff will be reassigned based on the consolidation to four offices from six. More details will be provided as soon as possible.

Beyond Multifamily's plan, an additional ~35 MFH staff will be affected by FPM's Small Office Project, which will close 16 small offices.

**A10: What will the new underwriting model look like and when can we see it?**

We have begun implementing components of the new underwriting model through both the Tax Credit Pilot Program and through RAD. Once the new model is fully implemented, we will utilize risk-based underwriting, and review of underwriting applications will shift from a team approach with specialists each having their own defined role, to a single reviewer (underwriter) who will pull in technical expertise only as needed. This will improve efficiency and productivity by reducing processing time as review of applications is passed through several reviewers, and eliminating duplication and re-work.

*See also question A3 for more detail.*

**A11: Please discuss the process changes in production: will this include a return to coinsurance or delegated processing?**

“Risk-based processing” means processing incoming applications based on risk and complexity. This process complements tools introduced in the Breaking Ground initiative like the Early Warning System, which allowed Production staff to rapidly identify applications that required further review by the submitter before being processed. This approach is also consistent with the risk-based approach introduced to Asset Management by *Sustaining our Investments*.

*See also question A3 for more detail.*

**A12: Will the work that we do in Asset Management be transferred to the lenders?**

At this time there are no functions being transferred to the lenders; however, there will be a separate effort to look at what functions may in the future be handled by the lenders.

**A13: Many of us do not understand what exactly management is talking about when it refers to the “operating model” of the Office of Multifamily Housing. Can you explain?**

We use the phrase “operating model” to refer to the whole system of how Multifamily does its business – our roles, processes, etc. The new operating model is the culmination of lessons learned through *Breaking Ground* and *Sustaining Our Investments*, as well as other field-generated operational efficiencies. There are three basic components that make up the “new operating model.” They are: (1) Workload Sharing for both asset development and asset management; (2) the Underwriter and Risk Based Processing for asset development; and (3) the Account Executive Model for asset management.

#### **A14: Are other Multifamily transformations planned for the future?**

Any future transformation initiatives will depend on the budget environment, business and mission requirements of the agency or mandates from Congress or OMB.

#### **A15: What is the function of a multifamily satellite office?**

Multifamily satellite offices may be slightly smaller than the hub and have a streamlined leadership structure, however, like the Hub, it will host both Production and Asset Management teams. The office will complement the hub by providing additional geographic coverage, as well as local and regional expertise.

### **B. WHAT ARE THE GOALS OF THIS PROGRAM AND WHY IS MULTIFAMILY DOING THIS?**

#### **B1: Why is Multifamily doing this?**

Multifamily made tremendous strides in responding to the financial crisis through *Breaking Ground* and *Sustaining our Investments*, however, more changes are necessary. We haven’t updated the Multifamily operating model in decades and we haven’t done enough to deal with our ongoing challenges– like exploding volumes, increasing focus on risk management, and increasing need to make the most of our scarce dollars.

This transformation will help us meet these challenges and serve our customers better. It will also offer our people clearer roles and new opportunities. We are making these changes to have a business model fit for the 21<sup>st</sup> century.

#### **B2: Do these changes reflect that HUD has been operating in an outdated structure for several decades?**

The transformation reflects our continuing need to make the best use of our scarce resources, while delivering programs at the highest level. The business and budget environment has been changing rapidly, but we have not updated the Multifamily operating model in decades. We must adapt in order to be able to respond to these changes.

#### **B3. Why is Multifamily being singled out and required to make such a drastic change? Why are other program offices not going through such major changes?**

We’ve all seen the writing on the wall – the Department will change over time in response to budget constraints and the economic environment. As one of the largest program offices in HUD, we need to be proactive not reactive to this trend. In addition, Multifamily is particularly vulnerable to dramatic shifts in our workload due to our application-by-application and property-by-property provision of services. This model is different from many other HUD Program Offices that focus on providing fewer, larger grants to localities or funds to Public Housing Administrations. This increases the pressure on Multifamily to develop a nimble, efficient operating model.

Our new operating model will significantly increase our efficiency so we can perform to high standards in a time of austerity. Yes, it is expected to save money – about \$40 million per year when fully implemented – but that’s not a primary goal of the transformation. The goal is to create a new operating model that will sustain us into the future.

#### **B4: How will the transformation affect our customers and our delivery of services?**

We believe that a more consistent, more responsive business model will meaningfully improve service to our customers. You will see more consistency and less duplication across Multifamily, more streamlined application processing and asset servicing, and an operating model more aligned with industry best practice. Through clearer career paths, team structures designed to encourage coaching, and renewed focus on employee development, Multifamily will enable its people to better serve our customers.

In summary, the transformation will better equip us to work with customers to fulfill our mission. We have already heard positive feedback from early conversations with industry stakeholders about our plans for workload sharing, the underwriter model, and the Account Executive model – and our reorganization will complement those changes to simpler, clearer, and more risk-based roles and processes.

During the transformation itself, we will make every effort to minimize the impact on our customers. We plan to use a phased approach to implementation, rolling out gradually over two years, beginning in roughly September/October 2013. We believe this approach, which is subject to union negotiation, will allow us to implement as smoothly as possible.

#### **B5: This seems to be all about cost savings. Aren’t you saving a bunch of money? How much?**

Although Multifamily will save approximately \$40 million annually once the transformation is complete, saving money is not the primary goal. The goal is to bring our business model into the 21<sup>st</sup> century to do a more effective job serving our customers, and supporting affordable housing for all Americans. Most people across Multifamily understand that many of our processes are antiquated, and hold us back from achieving that mission. They know we could do better at risk management. They know we could serve customers better. That’s what this transformation is about. That said, the budget environment is certainly a catalyst to push us to do what we know can and needs to be done NOW.

#### **B6: What other cost reduction options did Multifamily review?**

**A14:** The focus of this transformation is not cost reduction. Although the transformation results in savings, the main reason for the effort is to bring our business model into the 21<sup>st</sup> century and implement better business practices. Implementing workload sharing, the underwriter model, and the Account Executive model will streamline our operations to make them more sustainable, efficient, and customer-oriented. We firmly believe that the new centralized model will better serve our customers and better position Multifamily to adapt to evolving business challenges.

#### **B7: Why is Multifamily doing this transformation during a time of sequester, furloughs, and a continuing resolution?**

We have been studying Multifamily’s core practices and planning the changes needed for more than a year. We are moving ahead with the changes because it’s the right thing to do from a business perspective, and the changes will help prepare the program for future budget constraints.

In fact, we feel that investing in the transformation of Multifamily will in the long term provide a more efficient model that will ensure our ability to meet the needs of our customers going into the 21<sup>st</sup> century, and will create a more flexible structure to enable us to adapt to an ever changing financial landscape. These operational efficiencies were begun before the furloughs were introduced, and the necessity of this

transformation has not gone away; rather the increased pressure on the budget due to sequestration highlights the need to be even more efficient.

**B8: In a time of sequestration leading to furloughs, how and why are you going to give people buyouts?**

Furloughs are not a Multifamily decision, but a department wide decision by HUD to deal with an unexpected mandate from Congress. We do not have control over furloughs, but Multifamily has been evaluating this transformation before sequestration and the fiscal cliff. These proactive changes will help us take control of our long-term future.

**B9: How much has the Multifamily budget been cut over the past five years?**

Department wide budgets have been declining over the past years, but this transformation is not about budget cuts. It is about building a better business model in anticipation of future economic and business challenges. That said, budget restrictions have caused us staffing challenges, like making it more difficult to backfill positions after retirements or to fill some specialist roles. This pressure makes it even more important that we develop an effective operating model that will allow us to meet our mission in a time of scarce resources.

**B10: We committed to making changes through *Breaking Ground* and *Sustaining our Investments*. Those changes resulted in significant improvements. Why isn't what we've done enough?**

*Breaking Ground* and *Sustaining our Investments* did achieve substantial improvements, allowing Multifamily to respond to the rapidly changing market environment of the financial crisis. However, they did not fully position us for the long-term future. It is management's obligation to create an operating model that is efficient, consistent, and sustainable into the future. This transformation looks forward by replacing our outdated operating model and making the kind of proactive changes that the future demands. We have to build on these efforts to create a model that is more efficient and consistent across the country, just as we have to improve efficiency in our headquarters operations.

In fact, the lessons from *Breaking Ground* and *Sustaining our Investments* have been critical to the development of this new transformation. For example, attempting to consistently implement and sustain these two programs in the field highlighted how difficult it is to manage 50 offices around the country. Information gathered about the broad scope of asset managers' roles illustrated the importance of introducing increased specialization. We also have incorporated key lessons about phasing our implementation plan, engaging staff from both field and headquarters, and more.

**B11: Why are all of the changes focused on the Field and not Headquarters?**

The changes affect both the Field and Headquarters. In headquarters, Multifamily will streamline and focus its structure, with four main offices: Production, Asset Management, Recapitalization, and Field Operations. These changes will reduce duplication and provide better support and service to both the field and our external customers and stakeholders.

**B12: If significant financial savings are achieved through buyouts and other aspects of the transformation, will we reconsider the plan to reorganize and reassign field staff?**

The overall goal of the plan is not cost savings- it is improving our operational model. The consolidation plan provides structures to support the efficiencies achieved by the operational improvements. Without the consolidation, we would not realize the improved efficiencies of the new operating model.

**B13. Do you have an estimate of the total projected cost to complete the organizational transformation?**

Preliminary cost estimates have been developed. See the summary of cost estimates in the Federal Register Notices at this [link](#). For your reference, the same information for the Small Office Project can also be found in the Federal Register, [here](#).

However, more accurate cost projections cannot be determined until the total number of employees that elect to take buyouts and directed reassignments are determined.

**B14: As part of the transformation into the 21<sup>st</sup> century and with Multifamily being downsized will there be other programs that will be re-organized in the future?**

The Deputy Secretary has asked all program areas to look at their operating model to ensure they are efficient and able to meet the needs of the 21st century.

**B15. The whole premise of this Multifamily operational change relates to operational effectiveness and efficiency. Following that logic, wouldn't it demand that the entire enterprise change to the regional format as outlined for Multifamily?**

Multifamily's new regional structure will be much more consistent with the federal regional structure that is used elsewhere in HUD. At the same time, we wanted to create a regional structure that distributed our workload, provided appropriate geographic coverage, streamlined our leadership structure to increase accountability and management effectiveness, and otherwise met Multifamily's business needs. Even if no other parts of the enterprise make changes, we believe this should substantially increase our operational effectiveness and efficiency.

**B16: I am located in a smaller HUD field office. After our Multifamily staff leave, what happens to the remaining staff? Would our office space then be slated for closure?**

If you are a Multifamily employee but do not currently work in one of the ten future Multifamily field offices, then you will be offered a directed reassignment to another location. The remaining employees in your office who do not work for Multifamily will remain in their current positions and office- there are no current plans to shut down offices that are not part of the 16 offices being consolidated through the Small Office closures.

**B17: If people are going to be reassigned to other locations, why do we have so many job vacancies posted every week at HUD?**

As the Deputy Secretary stated during the sequestration meeting with all employees, the Department must continue to fill mission critical positions to ensure HUD's mission can continue to move forward. Only hires that have been deemed critical are approved.

## **C. HOW WILL YOU EXECUTE THE TRANSFORMATION?**

### **C1: When will the transformation process begin?**

We expect to begin the transformation in late FY 2013 or in early FY2014. We will not launch any reorganization or role changes until we have completed union negotiations. OPM must also approve HUD's request for buyout/early-out authority before the buyout proceeds. Workload sharing is already being piloted in several hubs, and this will continue.

The transformation will continue in region-by-region waves through FY16. We are still determining the first waves, and will update staff and other stakeholders as decisions are made. This approach will be refined in consultation with the union, and is subject to change.

*See also following questions for more information on timing, in response to follow-up questions asked by many Multifamily staff*

### **C2: When will the transformation process conclude?**

We expect to complete the transformation in FY2016.

### **C3: Can you clarify when the first wave of consolidation will happen? I feel like I've heard different answers. Similarly, when will we receive more details?**

The process of union negotiations is currently underway, and we are hoping to conclude by the end of July. Once negotiations are complete, we plan to notify impacted staff in the first region (Fort Worth/Kansas City), or "Wave 1," the location of their directed reassignments and the approximate time of their buyout offers. By early Fiscal Year 2014, employees from Wave 1 who have been reassigned should be reporting to their new office. Reorganization of Headquarters offices will also take place during Wave 1.

The Chicago-Detroit region, "Wave 2" will then take the remainder of Fiscal Year 2014 to complete. In Fiscal Year 2015, we plan to stagger implementation in the Atlanta-Jacksonville region, the New York/Boston region, and, finally, the San Francisco/Denver region.

The exact timing of employee notification of each region is not yet available. Upon conclusion of Union negotiations, we will provide you with more specifics.

### **C4: What were the criteria for selecting the offices placed in the first wave?**

The plan to have the Fort Worth and Kansas City regions in the first wave was a business decision with the goal to have a successful transformation.

### **C5: What is the expected report date for Richmond staff to the New York or Boston office...or for any other office?**

We will not know the specific timeline of relocations and report dates until the close of union negotiations, which are currently taking place. As we learn specifics we will communicate them to you as soon as possible.

### **C6: When will HUD begin to see the financial benefits from these changes?**

We expect to realize the bulk of the savings in FY2016 and into the future, but should see some smaller savings in 2014 and 2015.

### **C7: How many offices is the transformation closing?**

The Multifamily transformation will not result in closing any HUD field offices but we will ask Multifamily staff in roughly 40 locations to relocate to the 10 consolidated locations. We will offer up to a \$25,000 buyout (and early retirement for eligible staff) to anyone who does not want to relocate.

Simultaneously, HUD is planning to close 16 small offices this year and giving staff the option to relocate as well. This is part of a separate HUD Field Policy and Management initiative called the “Small Office Project.” More information about that project, including a list of impacted offices, can be found [here](#).

**C8: Are there plans to relook at this strategy if service gaps are detected?**

Yes, we recognize we have to make sure our customer service and ability to deliver on our mission does not suffer as a result of this strategy, and we have planned the transformation with this in mind. We fully expect Multifamily’s effectiveness to improve as a result of this transformation. We will monitor implementation to minimize disruption in the delivery of services.

**C9: If too many people choose the buyout, won’t MFH be shorthanded?**

The transformation is occurring in waves over two years, starting at the end of FY13 / beginning of FY2014. We believe that this transformation will assist in the management of our workload and resources. If needed, we will temporarily bring in contractors to cover the work demand of each wave while employees are being trained and adjusting to the new model; this support will be during implementation only. Longer term, this transformation will improve our ability to get our work done effectively.

**C10: Doesn’t headquarters need to know how many people will take the buyouts and retire before we can know what the staffing needs will be in the remaining offices?**

Yes, we need to know the number of people taking buyouts, retirements, and remaining staff in the offices in order to determine more accurate staffing levels.

**C11: If we go to fewer offices, won’t we lose local market knowledge? How are we supposed to make good decisions without it?**

We will take steps to maintain local market knowledge. We already share applications in Production across offices and Project Managers already manage assets remotely – which means that we are already sharing local knowledge. Staff from local program centers will bring market knowledge when reassigned to new hubs. Once in the future field structure, we still plan to align staff to a primary regional market regardless of their physical location. Training programs will incorporate local market perspectives. Multifamily will also continue to take advantage of lender’s local knowledge.

*See also questions C12-14.*

**C12: How does HUD plan to maintain the same quality of field reviews for, with some formerly local staff being relocated hundreds of miles?**

Multifamily Housing will continue to provide our customers with excellent service by having teams of people with geographic expertise located in the ten hub and satellite offices. Today, we already manage assets and review applications from around the country, even when we have no nearby field office, such as the Denver Hub which currently manages the work in 6 states.

**C13. Who will do the actual physical inspections/reviews of our Multifamily properties? Will this work be contracted out for those properties a great distance from the office to which they are assigned?**

Multifamily will continue conducting on-site inspections as required by our policies and procedures. Today, we already manage assets and review applications from around the country, even when we have no nearby field office. We plan to continue this approach in the future. The proposal for consolidating offices does not include any plans for replacing Multifamily positions with contractors.

**C14. Engineers and Appraisers do physical inspections on a regular basis when construction is underway – how will this be handled? Will these functions be contracted out?**

Multifamily will continue conducting on-site inspections as required by our policies and procedures. Today, we already manage assets and review applications from around the country, even when we have no nearby field office. We plan to continue this approach in the future.

**C15: Management seems removed from the day-to-day operations in the field. Did you involve anyone in the field when you developed this plan?**

We recognize the valuable perspectives of employees both in headquarters and the field. The team developing this plan consists of representatives with experience in both the field and headquarters.

**C16: I've heard you say that this is an opportunity to place the right people in right places. What tool will HQ use to determine the skill set of its staff to place us in the right places? Many of us received an email survey from hudLEARN on Monday, April 22nd, the survey asked employees to rate various task that we do by importance, frequency, and skill level. Is this the avenue by which HQ will determine placing the right people in the right places?**

Any survey received by staff prior to the announcement was unrelated to Multifamily and will not impact which location and job you are asked to fill. In order to get the right people in the right places, Multifamily plans to move individuals into positions that most closely align with the work they currently perform. While the job title may not be identical, and while some new training will be provided to get everyone up to speed, your new position should not be unfamiliar or in a completely new line of work.

**C17: Where is MFH with Union Negotiations? Specifically, is there an actual timeframe for them to take place?**

The process of union negotiations has been initiated and we are hoping to conclude by the end of July. The collective bargaining agreements between HUD and its union include time frames for initiating bargaining. Information on these agreements is available on HUD@work. Bargaining unit employees may also wish to consult their union representatives for additional information.

## D. WHAT IS THE TRANSFORMATION'S IMPACT ON JOBS AND ON MULTIFAMILY STAFF?

### D1: GENERAL QUESTIONS ABOUT IMPACT ON STAFF AND JOBS

#### D1(a): Will employees lose their jobs as a result of Multifamily changing its operating model?

Everyone in Multifamily will have the opportunity to continue their service with Multifamily.

We do recognize that some employees may not be in a position to relocate. We want to do all we can to facilitate a smooth transition, including offering buyouts or early retirements where possible. In other cases, Multifamily employees may be hired for other positions within HUD in their current locations, depending on their and other unit's business needs. The particular options available to employees will be subject to union negotiations.

#### D1(b): How will this change impact Multifamily staff?

The way the transformation impacts staff will vary based on their current role and location. These changes are subject to bargaining with the unions, but the current plan is:

- **Field staff in the 10 future field locations (New York, Boston, Atlanta, Jacksonville, Chicago, Detroit, Fort Worth, Kansas City, San Francisco and Denver)** will be asked to adopt new ways of working that are a part of this transformation: the underwriter model, Account Executive model, and workload sharing. They will not be asked to relocate. UPDATE: Staff in these locations will be offered buyouts. *See Question D1 (t)*
- **Field staff in the roughly 40 offices being consolidated** will have several options. They will receive a buyout offer of up to \$25,000 (and early retirement if eligible). If the employee does not elect to take the buyout, the employee will receive a directed reassignment to one of the 10 future offices. Once relocated, those staff will adopt the new ways of working that are a part of this transformation
- **Field staff in Seattle** will become part of the Office of Healthcare and will focus on healthcare work. Additional options may be available.
- **Headquarters staff** will receive reassignments according to the changes to headquarters structure. For example, the Office of Housing Assistance and Grants Administration (HAGA) and the Office of Housing Assistance Contract Administration (HACAO) will be merged into other offices.

Since this plan is subject to union negotiation, we cannot yet share the specific impact or options available to any individual. As soon as negotiations are completed, we will share more detail with you. We recognize that this ambiguity will be uncomfortable, and we hope to be able to answer all your questions as soon as possible.

Separately, HUD is also closing 16 small field offices as part of the "Small Office Project," which was announced at the same time as Multifamily's transformation. If you are in one of those 16 offices, please visit the Small Office Project [website](#).

#### D1(c): Will you offer employees early retirement and/or buyouts?

The department is applying to OPM for early-out and buyout authority and expects to make these options available to eligible employees.

#### D1(d): Is HUD offering employees relocation assistance?

Yes, we are proposing the full relocation entitlement afforded by GSA regulations for those employees who accept management directed reassignments. HUD staff can access HUD@work to access a national relocation guide which provides FAQs and detailed information related to relocation entitlements. The GSA also provides significant information on federal relocation policies [online](#). Employees can also contact the HUD Office of the Chief Financial Officer's Relocation and Travel Office for more information. Specific contact information is provided on HUD@work.

Further information about eligibility for relocation will be provided when it is available.

**D1(e): How long will I have to make my stay or go decision? How much time will be given to employees to consider relocation benefits, buyouts, and retirement?**

At this time, we are unable to specify the timeframes because they are dependent on approval authority, union negotiations, etc. However, it is never too early to begin thinking about what could work best for your individual situation and make some tentative decisions.

**D1(f): How many employees are expected to take the buyout or early out?**

It's hard to project since these are individual and family decisions. We will share information at the end of the buyout process.

**D1(g). If Multifamily staff do not want to relocate or take a buyout/early out, will there be an opportunity to be laterally reassigned into other program offices? Will there be relocation benefits?**

Employees are always encouraged to apply for opportunities in other Program Offices. The vacancy announcements will reflect whether relocation expenses are being offered based on budget availability.

**D1(h): What are you doing to help employees with the personal impact of these changes?**

We understand the hardest part of this change is the personal impact to the employees who have given many years of service and dedication to our mission. But Multifamily must update its business model to thrive in the 21<sup>st</sup> century. Employees can get counseling from the HUD Employee Assistance Program, and experts are available to walk anyone through the process of relocating or taking a buyout or early retirement. HUD staff should visit HUD@work for more information on the resources available to them, including specific points of contact for any question.

Moreover, as we make decisions about program specifics and timing in consultation with the unions, we will pass on new information promptly. We want to give employees as much time as possible to consider their options and make decisions for themselves and their families.

**D1(i): Can you assure other employees that their jobs will not move, beyond the current transformation plans?**

There are no other re-location plans at this time, but, like any agency, Multifamily must constantly balance scarce resources against program needs. That's what budget and management processes are all about. From time to time, we've had to make operational or structural changes, and we expect this need to continue.

**D1(j). Can we just telework and use CWS, rather than move? What about working outstation? If not, why aren't these options being considered?**

Under the Transformation, we will follow the guidelines under HUD's existing telework policy and negotiated agreements. The current telework policy limits the amount of days employees can be away from their primary duty location. Similarly, there are no plans to out station employees.

Allowing employees to stay in their current locations and telework after the reorganization would be changing our operating model to one where the majority of our workforce is permanently remote from management and peers and would be inconsistent with the Department's telework policy. For employees who are in locations where it makes sense to telecommute under the current telework policy and union agreements, this option can be pursued with supervisors. In order to realize the full benefits and efficiencies of the proposed operational improvements, we need to provide a field structure that will support the new operation.

*See related questions below*

**D1(k): As part of the restructuring process, did the Agency consider implementing an 'out station program' versus paying relocation cost?**

A primary purpose of the office closings is to realign staff to other locations to best support program delivery. This will not be achieved by leaving staff in place.

*See related questions above and below*

**D1(l): Given the evolution and heightened success of the healthcare LEAN processing approach, could Multifamily benefit in part, if not whole, from some virtual processing? This would allow team members to remain in place**

While there are some similarities between the Offices of Health Care and Multifamily, there are many differences. We have spent considerable time investing in improving our operating model with *Breaking Ground* and *Sustaining Our Investments*, and we need a structure that can support those improvements. We will not be able to maximize our efficiencies with a fragmented, virtual field structure and feel it is in all our best interest to transform our team into the proposed consolidated structure.

*See related questions above and below*

**D1(m): How do you answer individuals who do not benefit from an early retirement, do not have the years of service to benefit from a buyout, and may have financial or family obligations that make them unable to relocate?**

We understand personal obligations may preclude an employee from accepting the new assignment. The Department is committed to executing this reorganization in the most fair and respectful manner possible; however, the Department has an obligation to be fiscally responsible.

**D1(n): Isn't this just part of an overall effort to reduce the number of HUD employees?**

There is no overall effort to reduce HUD employees. We value our employees and are grateful for their significant contributions and commitment over the years. We intend for this transformation to optimize our business practices and more effectively utilize our valued employees. Our employees are the key to making this transformation succeed. Multifamily cannot transform without their talent and leadership. However, the fact is that it is likely that this transformation will result in some reduction of the number of employees.

**D1(o): How is a transformation not a RIF?**

The intention of the Multifamily Transformation is not a reduction in force. The goals are to balance workload, adopt more effective underwriting and asset management, and create a streamlined organization that supports these goals. Impacted employees will have options, though sometimes in a new role or location. While it is very possible that at the conclusion of the transformation, we will see a reduction in overall number of Multifamily employees, the purpose of the Transformation is **not** to reduce the number of Multifamily employees.

**D1(p): Will more contractors be brought on board to help achieve the streamlining goals, considering the reduced staffing levels?**

Multifamily may use contractors in a limited temporary basis as needed to support the multifamily transformation. To be clear, contractors will NOT be replacing Multifamily jobs. We understand the magnitude of what we are planning to do and are committed to minimizing the disruption to our work – which is why we might look to contractors for temporary assistance. Again, these contractors will not be replacing HUD jobs. All Multifamily staff who want to stay with us will have that option - though perhaps in a different location or role.

**D1(q): Will we be able to apply for higher grade positions within the new offices or will these positions be assigned to current senior staff?**

It is expected that there will be positions posted during the transformation, and Multifamily employees are encouraged to apply if they feel they are qualified for the position.

**D1(r): Rumors have been circulating that we will have to apply for our new positions- are they true?**

No, you will not have to reapply for your job. Everyone will get a directed reassignment for a position.

**D1(s): Will out stationed Multifamily personnel from HQ be required to relocate to the local hub or to HQ?**

Our current plan proposes to consolidate Multifamily's presence to ten locations in the field, as well as headquarters in Washington DC. Employees who are not sitting in one of the final locations will be given the option to accept a buyout or be asked to relocate. Options for specific individuals, including those out-stationed from HQ, cannot be shared until the completion of negotiations with the unions. Updates will be shared as soon as they are available.

**D1(t): Will staff already working in the ten future Multifamily offices be offered buyouts?**

In the announcement broadcast, this question was answered by Marie Head, but we have received a tremendous amount of feedback that we should offer buyouts in those offices. We have considered your feedback and now the proposal will be to offer buyouts in those offices.

**D1(u): Will staff working in the ten future Multifamily offices be asked to relocate?**

There are no current plans for the employees in the remaining ten offices to relocate to another office

**D1(v): If we are not asked to relocate, will we be asked to move to a new position?**

We will be reassigning employees to roles which make sense given the work they currently perform. In order to get the right people in the right places, Multifamily plans to move individuals into positions that most closely align with the work they currently perform. While the job title may not be identical, and while some new training will be provided to get everyone up to speed, your new position will be similar to your current position and the skills you currently have will be applicable to your new position.

**D1(x): I don't understand what the plan for Seattle to focus on healthcare means for me. Can you explain?**

The plan is to offer three options to the Multifamily staff in the Seattle Hub offices; one, they will be offered a directed reassignment to the office of health care programs, and will be able to remain at their current duty station; two, they will be able to remain with multifamily housing and get a directed reassignment to either San Francisco or Denver; or three, accept a buyout and early retirement if eligible.

**D1(y): How will all of this affect someone who is trying to get a hardship transfer?**

For Non-bargaining unit and NFFE employees, the hardship reassignment process as specified in our HUD policy remains unchanged. The provisions of the formal Hardship Transfer Policy do not apply to AFGE bargaining unit employees at this time because national contract negotiations are in progress. However AFGE bargaining unit employees may also apply for a hardship transfer. Their applications will be handled in accordance with existing past practices.

**D1(z): If I want to request a hardship to be transferred to another office, will relocation expenses be covered? Secondly, who is the hardship request submitted to?**

While we cannot answer specific hardship reassignment questions here, please review the hardship reassignment handbook [online](#) for more detailed information on eligibility. You will find a PDF of the application form on this [link](#), as well. You can also contact Jackie with specific questions at Jackie.P.Cumber@hud.gov or 202-402-3328.

**D1(aa): Will the transformation require new roles?**

The transformation will place people in new roles. We will train our employees on any new responsibilities.

**D1 (bb): Will positions and/or position descriptions in the new Multifamily Hubs have to change with the absorption of other staff and Supervisory Staff members from the Field Offices?**

We are moving to a new Underwriter model in Production and Account Executive model in Asset Management. These changes will mean changing Position Descriptions (PDs) for many field staff. For example, a project manager in Asset Management may become an "Account Executive" or "Senior Account Executive." However, these changes to PDs are not the result of absorbing staff from other offices; they are the result of the improvements we're making to the Multifamily operating model.

**D1(cc): Will the proposed changes include training?**

Multifamily staff will be provided the required training to succeed in this new operating model. Our approach to this training will build on lessons learned in *Breaking Ground* and *Sustaining our Investments*.

**D1(dd): If I am not eligible to retire, do not take a buyout and decide to decline a directed reassignment to another local commuting area, what actions will be taken against me (if any) and will I be considered ICTAP-eligible when seeking other federal employment?**

If a directed reassignment outside of the commuting area is declined, an involuntary separation will be initiated. If an employee is involuntarily separated, programs such as ICTAP, CTAP, transition assistance and/or severance pay are offered, if the program-specific eligibilities are met.

**D1(ee): I am considering all of my options including looking for employment outside of HUD. Are there ethics rules that apply to seeking employment or apply after I leave HUD?**

Yes. OGC has guidance on these rules which is available at:  
<http://hudatwork.hud.gov/po/c/opinions.cfm>.

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## ***D2: Questions specific to relocation mechanics***

**D2(a): Will staff have a choice in which office they move to or will they be given one option they can take or leave?**

The specific options available to employees will be part of our union negotiations. We will share an update as soon as possible.

**D2(b): When will employees be notified of their relocation destination and how much time will staff be given to accept or decline the “offer?”**

We are committed to notifying employees as soon as this information becomes available to us. By making this information available as soon as possible, we hope to maximize the time employees will have to accept or decline the offer to relocate.

**D2(c): Will employees have the option of moving to hubs near their homes?**

Possibly, but we will base all reassignments on our business needs and their impact and implementation are subject to union bargaining. We are sensitive to the impact this will have on our employees. However, we need to put qualified people in places where they can be the most productive and position them to share our workload more equitably. We also need to keep costs to a minimum, streamline our organizational structure as much as possible, and speed up our decision making.

*See also question **D2(d)** for a more updated perspective with more detail on management’s plan.*

**D2(d): Will employees that are currently in close proximity to a “new” hub or satellite office be offered reassignment there? For example, if I work in Milwaukee, will Chicago be an option for me and my teammates or will we be offered a position in an office that will force us to make tough decisions?**

It is management's intent that someone who currently works in the Milwaukee office will be offered relocation to one of the two offices in the future Multifamily region, either Chicago or Detroit. While we cannot yet say exactly which office you will be asked to move to, our intent is to ask individuals to relocate to the closest possible office to where they currently work.

**D2(e): Is it possible that people in one of the future ten options will relocate to another office? For example, will Denver people be relocating to San Francisco?**

Our current plan does not envision providing relocation benefits to staff who sit in one of the ten future locations. However, employees are always welcome to apply for internal positions in a different location – and the transformation may create additional opportunities for this type of move. Voluntary reassignments, however, will not be accompanied by relocation benefits.

**D2(f): Will my current grade and step be transferred with me to the new position within my new office?**

Yes. Your current grade and step will not be changed as a result of a reassignment to a new position if you are asked to relocate.

**D2(g): Many of our Multifamily colleagues may have to sell their homes if they're asked to relocate. However, they may be upside down with their mortgage. Will the relocation package include a Homebuyers Program?**

No, unfortunately, HUD does not have a program to purchase your current home if you are unable to sell it. Only OIG is able to purchase homes. For more information please see the National Relocation Guide, available online [here](#).

**D2(h): If I choose to relocate and it proves unworkable, can I opt for a buyout?**

We cannot yet share the details of how these buyouts and relocations will be executed, since this is subject to negotiations with the unions. We will share more information with you as soon as possible.

**D2(i): Is an early move going to be authorized? If my spouse is selected for a position prior to my wave's start, can I move into the new office sooner?**

When we have completed the negotiations with the union, we will be able to provide more concise answers to questions such as these.

**D2(j): Who can I contact with questions about relocation expenses?**

For any questions about relocation, including what types of expenses are covered, contact the OCFO Relocation and Travel Office:

- Susan Symonds, 817-978-5579
- Barbara Barresi, 817-978-5582
- Quentin Lewis, 817-978-5584
- Carlos Borrego, 817-978-5583
- Dee Griffith, 817-978-5581

**D2(k): Will HQ staff be told to move to the field to fill open positions?**

The current plan does not include re-assigning HQ staff to the field offices.

**D2(l): Many of our MF colleagues may have to sell their homes if they're asked to relocate. However, they may be upside down with their mortgage. Will the relocation package include a Homebuyers Program?**

No, unfortunately, HUD does not have a program to purchase your current home if you are unable to sell it. Only OIG is able to purchase homes. For more information please see the National Relocation Guide, available online at <http://hudatwork.hud.gov/po/f/relocation/toc.cfm>.

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***D3: Questions specific to Voluntary Early Retirement (“early out”) mechanics***

**D3(a): Will the Department offer “Early Out” for Multifamily Housing Employees?**

We are applying for Voluntary Early Retirement Authority for employees affected under the transformation. If the request is approved by the Office of Personnel Management, this option will be offered to affected employees who are not eligible for immediate retirement.

**D3(b): Could you please clarify if HUD has sought VERA (Voluntary Early Retirement Authority) and when an answer is expected back from OPM?**

Multifamily has applied for VERA and VSIP and is currently awaiting approval from OPM. Separately, OPM has approved HUD’s request for VERA and VSIP related to the Small Office Project, which you can learn more about [here](#).

**D3(c): In the consideration of early out approval, will we be offered time added to our age and years of service?**

No, there are no regulatory provisions that allows for this.

**D3(d): Will the 2% penalty a year apply if you are under the retirement age?**

Each employee’s situation is different. To receive individual retirement benefit counseling, please see the list of contacts below.

| Contact this group...  | If you are...   | With a question about...   |
|--|---|--|
| <b>FHA Operations Employee Services Support Division</b><br>202-708-0820<br><a href="mailto:Trumaine.Mathis@hud.gov">Trumaine.Mathis@hud.gov</a> | Part of Housing, especially if you are impacted by the Multifamily transformation | <ul style="list-style-type: none"> <li>• Where you should go for more technical questions, if you don’t have the right point of contact</li> <li>• Your eligibility for buyouts or early retirement (if offered to you) and other personnel questions. <i>Only BDP (below) can calculate your potential retirement benefits and annuities</i></li> </ul> |
| <b>Bureau of Public Debt Benefits Call Center</b><br>304-480-8275<br><a href="mailto:Benefits@bpd.treas.gov">Benefits@bpd.treas.gov</a>          | Part of Housing – <i>BPD currently only provides HR support to Housing</i>        | <ul style="list-style-type: none"> <li>• Your eligibility for early retirement (if offered to you) and calculation of your annuities and retirement benefits based on years of service, age, and retirement plan</li> <li>• Potential buyout benefits (if offered to you); FHA Operations ESSD (above) can also assist</li> </ul>                        |
| <b>OCHCO Pay, Benefits and Retirements Branch</b><br>Lorraine Smith,<br>202-402-7467   | Any HUD staff <b>not</b> in Housing   | <ul style="list-style-type: none"> <li>• Your eligibility for early retirement (if offered to you) and calculation of your annuities and retirement benefits based on years of service, age, and retirement plan</li> <li>• Potential buyout benefits (if offered to you)</li> </ul>   |

**We cannot currently answer questions about whether you individually will receive a buyout offer, early out offer, and/or relocation with directed reassignment. This will be determined in consultation with the union. We will update you as soon as possible.**

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## ***D4: Questions specific to Voluntary Separation Incentive Payment (“buyout”) mechanics***

### **D4(a): When will buyouts begin for multifamily staff?**

Based on final VERA/VSIP approval and union negotiations, we plan to offer impacted staff in the first region (likely Fort Worth / Kansas City) buyout offers and directed reassignments early this fall; however, it is difficult to predict exact timing.

However, we cannot guarantee a certain time frame, and encourage employees to start thinking through their options now

### **D4(b): You mentioned up to \$25,000 buyouts. Is this the amount everyone will receive and what are the relocation expenses?**

The regulation allows for up to \$25,000, but not everyone will receive the same amount. An individual’s buyout amount is dependent on many different factors. Relocation expenses will be paid to those who qualify. More information is available on the HUD@Work Transformation page:

<http://hudatwork.hud.gov/hudtransformation21/buyout.cfm>

### **D4(c): Why not increase the \$25,000 buyout amount? After taxes, this amount is not sufficient to cover necessary expenses. A buyout of at least \$75,000 should be considered to have any sufficient assistance for early termination.**

Unfortunately, the \$25,000 Voluntary Separation Incentive Program (VSIP) maximum is set by federal law so HUD is unable to offer its employees more. For more information, see <http://www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-separation-incentive-payments/guide.pdf>

### **D4(d): Will the amount offered under the buyout be the lesser of: calculated severance pay or \$25,000.00? Will other elements such as performance help determine the amount offered under the buyout?**

How the buyout is calculated will be included in the buyout plan, but according to regulations, the amount of the buyout is the lesser of an amount equal to severance pay or an amount determined by the Department head, not to exceed \$25,000. Performance is not a factor in the calculation of the buyout amount.

### **D4(e): What if I’m not eligible for a buyout? The OPM guide to buyouts describes a number of restrictions, like three continuous years of service. Can you address this?**

Employees who do not meet the eligibility for VSIP and do not relocate will be involuntarily separated. If an employee otherwise meets the requirements, involuntary separation allows for the payment of severance pay. Severance pay only has a 12 month continuous service requirement as opposed to the 3 year continuous service for VSIP.

### **D4(f): Has HUD applied for waivers from OPM so that all employees would be eligible for buyouts? As it sits now, many of new hires would be ineligible for the buyout because of their student loan repayments, for example.**

The eligibility requirements for VSIP cannot be waived. Federal law prohibits the payment of a buyout to any employee on a service agreement for relocation, recruitment, or retention incentives and/or Student Loan Repayments benefits.

**D4(g): Will any waivers will be secured from OPM on the repayment requirement? For example, if a HUD employee separates and only later finds employment with another federal agency – will they have to repay the buyout?**

Unless reemployed by HUD, VSIP repayment waivers cannot be initiated by HUD. It is the responsibility of the new agency to request the waiver and certify that the new employee meets the waiver requirements.

**D4(h): If employees accept the buyout, will they be given the proper paperwork to show that they have a hiring preference for vacant positions with other federal agencies?**

No hiring preference will be given. An employee who receives a voluntary separation incentive payment (VSIP) is considered to have voluntarily separated and therefore is not entitled to any form of placement assistance, such as the CTAP or ICTAP. Additionally, while an employee who elects to receive a VSIP is not precluded from reemployment with the Federal government, if he/she accepts new employment (including certain types of contract positions) within five years from the effective date of the separation, the entire VSIP must be repaid prior to the effective date of reemployment. These OPM procedures and policies can be found on HUD@Work [here](#).

**D4(i): If I work for Multifamily and am in a small field office slated to be closed by FPM, will I know at the time of the office closure where I will be asked to move and what my new position will be?**

For Multifamily staff, you will know the destination for your directed reassignment and your new position, in order to make an informed decision.

**D5(j): Will field counsel who primarily do Multifamily work (closings) be relocated or have the option to relocate to the new Hub?**

The Office of General Council (OGC) is not part of the Multifamily transformation.